

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 14, 2019

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00037

For approval to establish a rate schedule,
designated Rate Schedule 24, pursuant to
§ 56-234 A of the Code of Virginia

ORDER FOR NOTICE AND COMMENT

On February 27, 2019, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to § 56-234 A of the Code of Virginia ("Code") and Rule 80 of the Rules of Practice and Procedure ("Rules of Practice")¹ of the State Corporation Commission of Virginia ("Commission"), filed with the Commission an application ("Application") to establish a new voluntary rate schedule, designated Rate Schedule 24, to offer outdoor lighting service utilizing light emitting diode ("LED") technology. Through its Application, Dominion also requests approval to implement Rate Schedule 24 effective April 1, 2019, on an interim basis subject to refund, until such time as the Commission has had an opportunity to act on the Application, to accommodate customers' current and immediate need for replacement of outdoor lighting fixtures. Lastly, the Company seeks the Commission's approval to close its existing Rate Schedule 27 – Outdoor Lighting Service to new installations upon final approval of new Rate Schedule 24.

The Application states that existing Rate Schedule 27 provides only for high pressure sodium vapor ("HPS") outdoor lighting service and that in the roughly 26 years since Rate Schedule 27 was approved, this technology has become outdated and difficult to source as

¹ 5 VAC 5-20-10 *et seq.*

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lighting manufacturers have largely switched to newer LED technology.² Due to the sourcing problems associated with continued provision of HPS fixtures and the anticipated benefits of utilizing LED fixtures, the Company states it is filing for approval of a new outdoor lighting rate schedule for LED lighting.³ The Company further states that this newer, more efficient technology is expected to provide considerable cost and energy savings to virtually all outdoor lighting customers and carries other benefits as well.⁴

As proposed, Rate Schedule 24 will be available to the same customers as existing Rate Schedule 27, including residential customers, places of worship, civil organizations, and multi-family residential applications (such as condominiums, townhouses, apartments, homeowners' associations, residents' associations, and residential property developers).⁵ Proposed Rate Schedule 24 will allow eligible customers to request the installation of new Company-owned LED outdoor lighting fixtures or the conversion of their existing HPS outdoor lighting to LED technology.⁶ The Company states that while LED fixtures generally entail higher up-front costs, LED technology is substantially more energy efficient than HPS technology, which will result in cost savings for virtually every customer who transitions their outdoor lighting to LED.⁷

² Application at 3-4.

³ *Id.* at 4.

⁴ *Id.*

⁵ *Id.* at Appendix A.

⁶ *Id.* at 4.

⁷ *Id.*

The Company asserts that Rate Schedule 24 contains the same structural components as existing Rate Schedule 27 in that each light fixture will continue to have a generation component as well as distribution services charges and a transmission component.⁸ The Company states that Rate Schedule 24 will offer a greater variety of fixture styles to customers.⁹ As proposed, customers may choose to convert to LED lighting, in which case the Company will replace existing HPS luminaires with LED luminaires upon advance payment of a conversion charge.¹⁰ In the event an existing HPS outdoor lighting fixture fails, proposed Rate Schedule 24 permits the Company to replace the fixture with a comparable LED fixture, and the conversion charge would not apply.¹¹

Due to HPS fixture supply shortages and in order to be able to use LED fixtures to meet customers' immediate outdoor lighting needs, the Company states it is seeking approval to implement Rate Schedule 24 effective for usage on and after April 1, 2019, on an interim basis subject to refund, until such time as the Commission has acted on the Application.¹² In support of this request, the Company states that due to the cost savings associated with LED technology, current and new customers will benefit from the ability to take service under Rate Schedule 24 compared to Rate Schedule 27.¹³

⁸ *Id.* at 5.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 6.

¹² *Id.*

¹³ *Id.*

In connection with adoption of new Rate Schedule 24, the Company also requests Commission approval to close existing Rate Schedule 27 to new installations. In support of this request, the Company states that HPS fixtures are becoming increasingly difficult to acquire in a sufficient volume and at a reasonable cost.¹⁴ For existing customers under Rate Schedule 27, they will continue to receive outdoor lighting service under Rate Schedule 27 as long as they have functioning HPS fixtures or until they wish to convert to LED services.¹⁵ When existing Rate Schedule 27 customers request upgrades to LED or when their HPS fixtures fail, they will be transitioned to Rate Schedule 24.¹⁶

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Application should be docketed; that the Commission's Staff ("Staff") should investigate the proposed transaction and present its findings in a report ("Staff Report"); that this Order for Notice and Comment should be served upon interested persons; and that interested persons should have an opportunity to comment or request a hearing on the Application. We also find that a Hearing Examiner should be appointed to rule on the discovery matters that arise in this proceeding. Finally, based on the information presented in the Application, we grant the Company's request to implement voluntary Rate Schedule 24 on an interim basis, subject to refund, effective for usage on and after April 1, 2019.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2019-00037.

¹⁴ *Id.* at 7.

¹⁵ *Id.*

¹⁶ *Id.*

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on the discovery matters that may arise in this proceeding.

(3) The Company shall make copies of its Application, as well as a copy of this Order for Notice and Comment, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies may also be obtained by submitting a written request to counsel for the Company, Horace P. Payne, Jr., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(4) On or before April 12, 2019, the Company shall cause to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia, the following:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA ELECTRIC AND POWER COMPANY FOR
APPROVAL TO ESTABLISH RATE SCHEDULE 24 –
OUTDOOR LIGHTING SERVICE
CASE NO. PUR-2019-00037

On February 27, 2019, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to § 56-234 A of the Code of Virginia and Rule 80 of the Rules of Practice and Procedure ("Rules of Practice") of the State Corporation Commission of Virginia ("Commission"), filed with the Commission an application ("Application") to establish a new

voluntary rate schedule, designated Rate Schedule 24, to offer outdoor lighting service utilizing light emitting diode ("LED") technology. Through its Application, Dominion also requests approval to implement Rate Schedule 24 effective April 1, 2019, on an interim basis subject to refund, until such time as the Commission has had an opportunity to act on the Application, to accommodate customers' current and immediate need for replacement of outdoor lighting fixtures. Lastly, the Company seeks the Commission's approval to close its existing Rate Schedule 27 – Outdoor Lighting Service to new installations upon final approval of new Rate Schedule 24.

The Application states that existing Rate Schedule 27 provides only for high pressure sodium vapor ("HPS") outdoor lighting service and that in the roughly 26 years since Rate Schedule 27 was approved, this technology has become outdated and difficult to source as lighting manufacturers have largely switched to newer LED technology. Due to the sourcing problems associated with continued provision of HPS fixtures and the anticipated benefits of utilizing LED fixtures, the Company states it is filing for approval of a new outdoor lighting rate schedule for LED lighting. The Company further states that this newer, more efficient technology is expected to provide considerable cost and energy savings to virtually all outdoor lighting customers and carries other benefits as well.

As proposed, Rate Schedule 24 will be available to the same customers as existing Rate Schedule 27, including residential customers, places of worship, civil organizations, and multi-family residential applications (such as condominiums, townhouses, apartments, homeowners' associations, residents' associations, and residential property developers). Proposed Rate Schedule 24 will allow eligible customers to request the installation of new Company-owned LED outdoor lighting fixtures or the conversion of their existing HPS outdoor lighting to LED technology. The Company states that while LED fixtures generally entail higher up-front costs, LED technology is substantially more energy efficient than HPS technology, which will result in cost savings for virtually every customer who transitions their outdoor lighting to LED.

The Company asserts that Rate Schedule 24 contains the same structural components as existing Rate Schedule 27 in that each light fixture will continue to have a generation component as well as distribution services charges and a transmission component. The Company states that Rate Schedule 24 will offer

a greater variety of fixture styles to customers. As proposed, customers may choose to convert to LED lighting, in which case the Company will replace existing HPS luminaires with LED luminaires upon advance payment of a conversion charge. In the event an existing HPS outdoor lighting fixture fails, proposed Rate Schedule 24 permits the Company to replace the fixture with a comparable LED fixture, and the conversion charge would not apply.

In connection with adoption of new Rate Schedule 24, the Company also requests Commission approval to close existing Rate Schedule 27 to new installations. In support of this request, the Company states that HPS fixtures are becoming increasingly difficult to acquire in a sufficient volume and at a reasonable cost. For existing customers under Rate Schedule 27, they will continue to receive outdoor lighting service under Rate Schedule 27 as long as they have functioning HPS fixtures or until they wish to convert to LED services. When existing Rate Schedule 27 customers request upgrades to LED or when their HPS fixtures fail, they will be transitioned to Rate Schedule 24.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Comment that, among other things, permitted the Company to implement voluntary Rate Schedule 24 on an interim basis, directed the Company to provide notice of its Application and provided interested persons an opportunity to comment or request a hearing on the Application.

Copies of the Application and the Commission's Order for Notice and Comment are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtaining by submitting a written request to counsel for Dominion, Horace P. Payne, Jr., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before May 14, 2019, any interested person may file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, written comments on the Application. On or before May 14, 2019, any interested person desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUR-2019-00037.

On or before May 14, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All such filings shall refer to Case No. PUR-2019-00037. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

Any person may request a hearing on the Application by filing such request for hearing on or before May 14, 2019. If not filed electronically, an original and fifteen (15) copies of the request for hearing must be submitted to the Clerk of the Commission at the address set forth above. Requests for hearing shall refer to Case No. PUR-2019-00037 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; (iv) a precise statement why a hearing should be conducted in this matter; and (v) a precise statement why such issues cannot adequately be addressed in comments. Persons filing a request for hearing shall send a copy

of the request to the Company's counsel at the address set forth above.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Comment may be obtained from the Clerk of the Commission at the address above.

VIRGINIA ELECTRIC AND POWER COMPANY

(5) On or before April 12, 2019, the Company shall serve a copy of this Order for Notice and Comment on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors; the mayor or manager (or equivalent official); and the county, city, or town attorney. Service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.¹⁷

(6) On or before May 6, 2019, the Company shall file proof of service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, including the name, title, and address of each official served.

(7) On or before May 14, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (6).

¹⁷ Service may also be made electronically if a locality has submitted a written request to the Company for electronic service, pursuant to the Commission's April 19, 2016 Order in Case No. PUE-2016-00039. *See Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC-5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request*, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).

Any interested person desiring to submit comments electronically may do so on or before May 14, 2019, by following the instructions found on the Commission's website:

<http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2019-00037.

(8) On or before May 14, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (3). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00037.

(9) On or before May 14, 2019, any person wishing to request a hearing on the Application shall file such request for hearing with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6). All requests for hearing shall refer to Case No. PUR-2019-00037 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known;

(iii) a statement of the legal basis for such action; (iv) a precise statement why a hearing should be conducted in this matter; and (v) a precise statement why such issues cannot adequately be addressed in comments. A copy also shall be served on counsel for Dominion at the address set forth in Ordering Paragraph (3).

(10) The Staff shall analyze the Application and present its findings in a Staff Report to be filed on or before June 4, 2019.

(11) On or before June 18, 2019, the Company may file with the Clerk of the Commission any response to the Staff Report, comments, and requests for hearing filed with the Commission. If not filed electronically, an original and fifteen (15) copies of the response may be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (6).

(12) The Commission's Rule of Practice and Procedure 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after the receipt of the same. In addition to the service requirements of Rule 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.¹⁸ Any person who requests a hearing shall provide to the Company, the Staff, and any other persons who filed requests for hearing any workpapers or documents used in preparation of the request for hearing, promptly upon request. Except as so modified, discovery

¹⁸ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2019-00037, in the appropriate box.

shall be in accordance with Part IV of the Commission's Rules of Practice,

5 VAC 5-20-240 *et seq.*

(13) The Company may implement proposed voluntary Rate Schedule 24 for usage on and after April 1, 2019, on an interim basis, subject to refund with interest, pending the Commission's further consideration of the Application.

(14) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Horace P. Payne, Jr., Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2, Richmond, Virginia 23219; Elaine S. Ryan, Esquire, and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

A True Copy
Teste:


Clerk of the
State Corporation Commission